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ELECTRIFICATION SECTION

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A Message from the ADMINISTRATOR

One of the outstanding things about the REA program, to my mind, is the widespread respect and support it has gained. To those of us who depend upon an REA-financed system for service, these are real assets.

How can we help maintain this widespread respect and support for REA? It seems to me there are some things we ought to do and other things we ought to avoid.

Heading the list of what we farmers ought to do, perhaps, is maintain sound operation of our local systems. To illustrate, the general public, the Congress and our farmer neighbors will be impressed only by the best kind of loan repayment record—a record of the kind we have maintained up to now.

Partisan politics is an example of what ought to be avoided. The four million members who are served by REA-financed systems represent all parties and so do the supporters of REA in the Congress and among the public. Tying the program to partisan politics therefore would mean nothing more than division and loss of support.

Issues divide, also. We must keep a sharp eye out for manufactured issues, the fake alarms that sound so loud they seem almost true. You have heard, for example, how REA is about to be crippled, or repealed, or both. But can you imagine anyone hurting REA in the face of four million satisfied consumers and in the face of an interested Congress which feels the program is rendering sound service?

The obvious purpose of these false alarms is to scare us into the arms of those who are waiting, ready to "save" the program. The alarmist may benefit but surely the program will suffer.

If we are to maintain the standing of the program, you and I, as members served by the electric systems, have a job to do; if we are alert to what may be coming I am sure we will know what to do.

Aneher Nelsen

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Loans for Generation and Transmission

by ANCHER NELSEN

(Following is the text of a talk by the Administrator at the REA field conferences in June in New Orleans and Chicago. It is printed here so that all of you can get his views on this important subject.)

Since becoming administrator of REA, I have been continually and increasingly amazed at the misunderstandings, misinformation, misstatements, distortions, and perhaps even deliberate falsehoods which exist in too many quarters concerning my views, and present REA policies, with respect to generation and transmission loans.

As far as I can discover, and I have tried diligently to discover the alleged basis for such erroneous ideas, they are not based on anything I have said or done. They are not based upon any policies which REA has announced. They are not based upon any inaction on REA's part in actually making generation and transmission loans. Actually, the dollar volume of such loans in the first year of my administration amounted to $42,000,000. During the previous year these loans totaled $34,000,000. Yet, in some quarters, the misunderstandings, the suspicions, the innuendos, and the plain misstatements continue.

My philosophy in approaching the job of administrator is that on this and all other matters our policies should be:

(1) Carefully thought out and evaluated from the viewpoint of the interests of the farmer who must pay the bills;

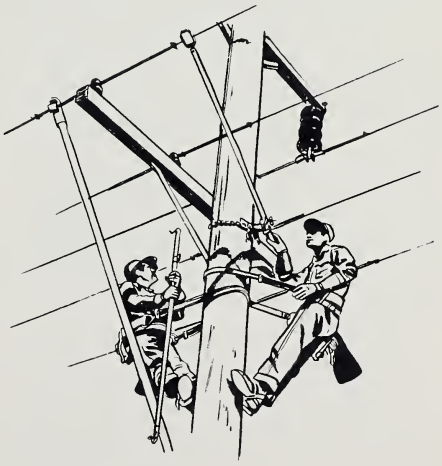
(2) Simply and clearly stated so that all interested parties can understand them; and

(3) Applied uniformly, consistently, and without evasion.

Thus, if our policies are sound, we can, by this process, have a program which is sound.

Power Supply Is Basic Problem

Actually, the basic problem we are discussing is really the problem



of power supply. An adequate and dependable source of power at reasonable cost is indispensable to every sound rural electric system. This is the problem which must be faced and solved for each individual cooperative in the light of the factual situation existing in that case. There is no single "rule of thumb" solution (such as generation, federal hydro or purchased power) which will fit all cases. The answer just isn't that easy. Oversimplification may assist in fanning the flames of controversy but it does not reduce the farmer's power bill or render his farming operations more efficient or economical.

It is essential that in each such case we "keep our eyes on the ball"—that we remember that the true standard for deciding between possible alternative solutions of a power supply problem is: What solution will best serve the interests of the individual farm consumer who must pay the power bill and thus repay the REA loan?

I submit that this is a sound principle. It is a simple and clearly understandable principle. Too frequently, however, it seems to be overlooked.

We have no preconceived notions as to the solution in any given case; but, we do have the clear, simple principle I have just stated which we follow in evaluating the possible alternatives.

This brings us to the heart of the present subject. That is consideration, specifically, of REA's generation and transmission authority and policies.

What Is REA's G & T Policy?

Stated simply, REA will make generation and transmission loans as they are needed and when they are economically sound from the viewpoint of the farmer and of the Government.

In enacting the Rural Electrification Act, the Congress wisely authorized the making of loans "for the purpose of financing the construction and operation of generating plants, electric transmission . . . lines or systems for the furnishing of electric energy to persons in rural areas who are not receiving central station service . . ." It provided, further, that "Loans . . . shall not be made unless the Administrator finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed."

This is an essential legal authority for REA to have and the wisdom of the Congress in providing it has been amply demonstrated. REA generation and transmission loans have contributed their part to the reduction in the farm cost of electricity.

Wise Use Preserves Authority

I am convinced that this authority must be preserved and that the best way of preserving it is to use it wisely and well.

Used wisely, it affords an available means of meeting the power needs of borrowers in areas where an adequate and dependable power supply at reasonable rates is not available from other sources.

Used wisely, it affords protection to REA borrowers by giving them a sound and firm bargaining position in their negoiations, as equals, with the commercial companies and others for power supply arrangements.

Used wisely, it renders possible mutually beneficial arrangements

between REA borrowers and other segments of the industry to obtain the lower power costs resulting from interconnections, standby arrangements, and the like.

On the other hand, *used unwisely:* (1) it could result in high power costs; (2) it could discredit the existence of the authority itself; (3) it could threaten disrepute to the REA program; (4) it could seriously threaten the soundness and feasibility of the distribution borrowers; and (5) worst of all, it could severely burden (through high resulting power costs) the very people whom the REA generation and transmission authority were designed to benefit—namely, the individual farmers who must pay the bill.

G & T Is Not Cure-All

Thus, viewed in what I think you will agree to be the proper perspective, persons who, thoughtlessly or intentionally and purposefully, advocate promiscuous use of our generation and transmission loan authority—who advocate generation as a cure-all for REA borrower power supply problems—are rendering a disservice to the REA program and the farmers whom the program was created to serve.

As Senator Robert LaFollette said on March 1, 1946, in speaking, in the course of a Senate debate, in support of REA generation loans:

"It is as obvious as a pikestaff that no Administrator in his right mind is going intentionally to build competing plants which cannot contribute to the success of the Cooperative and may sink it."

Let us move on, however, to a consideration of the REA policy itself. What is the current REA policy with respect to this type of loan? What are my personal, innermost views on this subject? Am I (as some innuendos currently being circulated throughout the country claim) in either secret or open disagreement with generation and transmission loans and am I trying to scuttle this whole program?

You, and the American people, are entitled to clear, honest, forthright answers to these questions here and now. I want to give them to you, especially, so that you will be able, in turn, to give similarly forthright answers to them in the course of your work assignments.

The current REA policy is the same as that set forth in the Rural Electrification Act itself. It is the same as that stated by Senator George Norris, when, in the course of the Senate debate on the original enactment of the act, he quoted, with approval, Mr. Morris L. Cooke, the first REA Administrator, as follows:

"REA can make loans for generating plants, but we must be shown conclusively:

"(1) That energy is not available from any existing source;

"(2) That the proposed generating plant can produce energy at a lower cost than it could be obtained from any other source;

"(3) That the output of such plant will be used mainly for supplying energy for use in rural areas."

It is the same REA published policy as it has heretofore existed over a period of many years.

My own personal views are in full accord with the policy as thus expressed. I have attempted, faithfully, to apply such policy and shall continue to apply it (I hope wisely, soundly, and within its proper sphere) as an essential and integral

part of REA's approach to the solution of the power supply problems of its borrowers.

Within the framework of this approach, we expect to meet fully the needs of all borrowers insofar as generation and transmission loans are concerned.

Our success—the success of both REA and its borrowers—in this respect will be measured by how soundly we meet the power supply needs of the individual farm consumers (whom we all serve). Our success in any given case will be achieved by applying that solution which the factual situation confronting the distribution borrower reveals to be the soundest in the interest of the farmers.

This, obviously, is not an approach which will appeal to those who have other objectives, such as personal gain or aggrandizement, partisan politics, or continuance of controversy. I am confident, however, that it is an approach upon which all true friends of the REA program can agree irrespective of their geographical location, or their political affiliation.

Sound Policies Essential

Sound policies are essential in this field. Sound policies alone, however, will not accomplish our purpose unless such policies are soundly applied in each particular case. A few examples will serve to illustrate this point.

Due attention must be given to such matters as: (1) the soundness of loan studies; (2) the soundness of construction cost estimates; (3) possible advantages from interconnection of systems for emergency or standby, or sales of power to, or purchases from, others; (4) exchanges of energy; (5) base loading and peaking arrangements, etc.

In order to determine whether the proposed loan would result in a lower power cost, adequate exploration must be made of all possible approaches to the problem. This includes: (1) the possibility of purchasing power in lieu of generating; and (2) the possibility of interconnection in lieu of an entirely self-sufficient system.

If this is not done thoroughly, how can we say that the long-standing policy requirement has been met?

The importance of this thorough exploration of all alternatives to assure the lowest possible cost has been underscored for me by several recent experiences. A number of distribution co-op officers and managers have come to REA, some very recently, asking: "How do we get out from under these 35-year contracts with the power co-up? We can buy power for less elsewhere and our members are complaining."

Instances have come to light of individual members of distribution co-ops threatening to disconnect because of high retail rates. In some cases distribution cooperatives, squeezed between high wholesale rates from their power cooperative and unwillingness of their own members to pay the necessarily high retail rates, are worried over their own feasibility.

What has happened in too many of these cases is that the general reduction in wholesale rates charged by power companies has left some of the REA-financed groups "stuck" at higher price levels while their more cautious neighbors now get the advantage of lower cost supplies. With full honor to these intrepid rural people who pioneered in the generating field, we must all

be concerned about these situations, since the feasibility of loans to both distribution and power-type borrowers is no better than the ability and willingness of the farmer-users of power to pay the rates necessary to operate their systems and pay off the government loan.

Full Exploration Important

Primary responsibility for complete exploration of all power supply alternatives rests with the borrower. REA has a responsibility, however, to see that the exploration is actually complete. Therefore, REA will assist to the extent necessary in any negotiations to achieve a full and mutual understanding of the facts as between the borrower and possible power suppliers.

Other questions which arise in the course of applying the lower cost aspect of the policy are: (1) At what point should this exploration of alternative power sources begin? and (2) At what point should they be considered concluded?

Normally, such exploration should begin before the generation and transmission loan application is filed. There would seem to be no point in the borrower or REA spending tens of thousands of dollars in preparing and processing such applications if the same results can be achieved by preapplication negotiation.

Such exploration should not be concluded until the requirements of the policy statement have been fully complied with. We do not, however, countenance either half-hearted exploration on the one hand, or unnecessary extended negotiations on the other. Bona fide exploration on the part of the borrower and bona fide negotiation on the part of possible power suppliers are, alike, essential.

The question has been asked: What position will REA take with respect to negotiations when a G and T loan application has been submitted without first obtaining supply proposals from power companies? Our position here is dictated by the basic policy: to get electricity to the farmer at the lowest possible rate. How can we be sure of this unless we know the costs as estimated in the loan application are in fact less than would be available from other sources? Any application which fails to include documentable evidence that such proposals have been properly considered should be considered incomplete.

Aim Is to Serve Farmers

If a power cooperative can lower its costs by supplementing its own production with power from some other source, that benefits the farmers it serves. The rural electrification program does not exist for the purpose of building up power supply empires; its purpose remains that of getting to the farmer an adequate supply of electricity at the lowest possible cost.

If we can assist power-type borrowers in working out interconnections with other power producers which serve to improve the efficiency of the G and T operation, that's all to the good. Such agreements tend to utilize the facilities more fully, resulting in lower operating costs to the farm users.

In conclusion, let me point out but one additional aspect of this problem, a point which I made in my address before the NRECA convention in Miami last January:

"Healthy, normal and economically sound growth can be brought about by the farmers, REA, Interior, municipalities and commercial utilities sitting down around a conference table—planning the future and forgetting the past. No one segment of the industry can do the job alone. Each can make contributions of needed facilities and still maintain independence and freedom of action. We in cooperative electrification are grown up. We are strong, and as long as we are unified we have more to gain than lose by working with others. Only in this way will we be able to meet a difficult problem and arrive at the solution we want—low cost power.

"Great benefits could be accomplished by power supply committees set up in each state or area working toward sound and proper objectives through an industrywide approach. It should be recognized that cooperatives in some sections of the country have already acted. Results have been good. Let us now take further positive steps in this direction."

REA Loans in Fiscal Year Highest Since 1951

REA loans to electric and telephone borrowers during fiscal year 1954 totaled $241.8 million, the highest since 1951.

Electrification loans in fiscal 1954 reached $167,104,100, surpassing the amount loaned in each of the 2 preceding fiscal years. As a result, REA borrowers will be able to add more than 36,000 miles of line and serve 171,120 new rural consumers. The 1953 loans of $164,972,662 made provision for 34,000 miles of new line and 161,398 consumers.

The $74,712,000 telephone loan allocations during the year ended June 30, 1954, is the highest for any year since the REA telephone program began in October 1949. This is nearly double the $41,973,000 of loan allocations in the previous fiscal year. REA now has allocated loan funds to 279 borrowers for the improvement and extension of telephone service in the rural areas of 42 states.

"Naturally, we are pleased at the high level of loans handled by the smaller REA staff," Administrator Ancher Nelsen said in reviewing the year's record, "but the amount of money which we lend in a given period is only part of the picture when we look at electric power and telephone service for America's farms. Even more important to us than the record of money lent is the result achieved with the loan funds. We are confident that reports on borrowers' construction programs and operations, when they arrive, will show this fiscal year to be an outstanding year of electric and telephone progress for people in rural areas."

The backlog of electric loan applications is now the lowest since 1947 and $70,000,000 lower than a year ago. REA had a total of $192,951,000 in electric loan applications on hand June 30, 1953. This was down to $121,908,000 on June 25, 1954.

The backlog of telephone loan applications totaled $112,700,000 at the end of fiscal 1953. This was down to $85,500,000 on June 18, 1954, or more than $27,000,000 less than last year.

Pioneer

Luther E. Long, manager of the Shenandoah Valley Electric Cooperative, Dayton, Va., is one of rural electrification's intrepid pioneers. His pioneering goes back nearly half a century, when in 1907 he helped organize the Weyers Cave Light & Power Co.—the first power company in Virginia entirely financed by local people.

In 1912, the company bought a flour mill and hitched a generator to the main power shaft of the mill, which was run by water power. In this way, they expanded somewhat and began serving their neighbors. As demand grew, they installed a hydrogenerator, and later a diesel auxiliary engine was added. Growth was so rapid that local capital was not sufficient to keep pace with the peoples' needs. Outside capital came in, the company became the Shenandoah River Power Co. and Mr. Long stayed on as general manager. From 1925 to 1930, this company extended its services to more than 5,000 rural customers in 3 counties. In 1930, the company was sold to the Virginia Public Service Co.

Mr. Long led the move in 1936 to enact an Electric Cooperative Act in the General Assembly of Virginia, by which groups in the State could participate in the REA program. He helped organize and became manager of the Shenandoah Valley Electric Cooperative, which was the first group to receive approval from the State Commission to operate under the Electric Cooperative Act. This cooperative lays claim to having installed and operated the first diesel generating plant financed by REA.

Mr. Long has been in the fore of the rural electrification movement in Virginia ever since. When 11 Virginia borrowers organized the Old Dominion Power Cooperative, Mr. Long was named Coordinator. He held them together through long and extensive hearings, which culminated in a satisfactory power transmission contract for all Virginia borrowers.

He still manages the Shenandoah Valley co-op, which serves more than 8,000 consumers over more than 2,000 miles of line in Augusta, Rockingham, and Shenandoah Counties.

Mr. Long is proud of the part he has played in bringing electricity to rural people. He predicts continued expansion in the farmer's use of power, and says "the end is not in sight."

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Consumers Will Gain From

East Kentucky Integration

REA approval has been given to an integration and interconnection agreement worked out by the East Kentucky Rural Electric Cooperative and the Kentucky Utilities Co.

The agreement, covering generation and transmission facilities, means solution to a long-standing power supply problem, a reduced plant investment and lower wholesale rates for 19 REA borrowers in Kentucky.

Advantages Cited

In approving the agreement, REA cited these specific advantages of the integration for the two large electric systems:

1. Elimination of costly duplication of transmission facilities for both systems. East Kentucky will be able to reduce its proposed investment some $3,000,000, through elimination of 292 miles of high voltage transmission lines originally planned for construction. The East Kentucky Cooperative will also have substantial annual savings in costs under the reciprocal transmission services provided in the agreement.

2. Consumers of both systems will benefit through assurance of more adequate and dependable power supply. This arrangement will enable the cooperative to meet the growing power needs of its member-consumers with larger, more efficient generation units, and with a smaller overall investment in generating plant than otherwise possible.

3. Wholesale power rates to the 19 distribution cooperatives which own the East Kentucky Rural Electric Cooperative will be reduced below present rates. The extent of the reduction will be determined by a power rate study now in progress.

The plan outlined in the agreement is in accord with the announced policy of the Administrator to encourage cooperation betweeen local power suppliers in solving their problems, particularly where integration of their systems means better and more economical service.

Cooperation Praised

"The Kentucky integration to me is an example of what can be done when producers of electric power sit down around the conference table and try to work out a practical power plan for the future," said Administrator Nelsen.

In his letter of approval to the Kentucky cooperative, Mr. Nelsen wrote, "I wish again to commend your cooperative for its diligence, farsightedness and cooperative spirit which you have brought to bear to achieve, in the areas affected, an economic solution of your power supply problems designed to enable you and your member cooperatives to furnish adequate power to your farm members at the lowest possible rates."

At the time the agreement was signed by the local power suppliers, the heads of the two organizations, President Alex B. Veech of East Kentucky and President Robert M. Watt of Kentucky Utilities Company, termed the new contract as being "to the best interests of East Kentucky and its member cooperatives, of Kentucky Utilities Company, of the farmer and of the public at large."

East Kentucky is now completing construction of a 40,000-kw. steam generation plant at Ford, Ky. The agreement will enable the cooperative to use the private utility's transmission lines for delivery of energy to many of its members. At the outset, the cooperative will buy about 30 percent of its power needs from Kentucky Utilities pending construction of additional generating capacity provided in its most recent REA loan. Kentucky Utilities Co. as a part of its contribution to the integrated system, will add 207 miles of transmission line to complete the interconnection.

East Kentucky Rural Electric Cooperative has headquarters at Winchester. It is a federation of 19 Kentucky rural electric cooperatives, all REA borrowers, which serve more than 125,000 farm families and other rural consumers in the eastern two-thirds of the State. The Cooperative has 3 REA loans totaling $27,982,000, approved October 9, 1941, November 23, 1949, and April 17, 1952. Construction of facilities under the loans was delayed by litigation.

Officials of East Kentucky and Kentucky Utilities pictured in office of Kentucky Public Service Commission Chairman R. M. Coleman soon after working agreement was signed. From bottom left, clockwise, are KU officials—Assistant Vice President W. A. Duncan, Vice President W. H. Skinner, Secretary-Treasurer A. A. Tuttle and President R. M. Watt. Next is Judge Coleman followed by East Kentucky officials—President Alex Veech, Manager Hugh Spurlock and Secretary-Treasurer J. S. Patterson.

A Borrower Looks at . . .

New Accounting Methods

By Robert M. Smith, Office Manager

Adams Electric Cooperative, Inc.

Gettysburg, Pa.

This is a brief résumé of our experience with Continuing Property Records, our candid opinion on the new system and, also, the new Retirement and Work order procedure which will be established for all cooperatives within the near future.

During the year 1950, I was disturbed over the amount of time spent in obtaining information needed to complete retirement work orders. REA recommended that when any plant was retired, the specific plant should be identified on the original work order or inventory and retired on the basis of the individual installed cost of the particular unit. This procedure involved considerable work, as one retirement work order might require finding three or more construction work orders so that the pricing of the retirement would be correct.

Time Saver Needed

It was taking our work order clerk from 1 to 2 weeks to make up our retirement work orders for the month. Mr. Calvin A. Cluck, our manager, and I talked over the advisability of starting to set up Continuing Property Records. We employed a girl from the high school graduating class, and she started work on July 1, 1951.

We set up individual assembly sheets for each type of assembly and recorded the quantity, material cost, labor and other, and the total installed cost. This was done by making a complete summary of every posting that was recorded in the plant accounts and posting each entry to its respective individual assembly sheet. At the end of the year, we added the totals of our assembly sheets and balanced them with each plant account. After they were found to be in balance with the General Ledger, we made journal entries transferring assemblies to their correct plant accounts.

We had six construction jobs done by contractors, 4,234 construction work orders and 487 retirement work orders covering 1,413 miles of line, with a plant cost, excluding substation and right-of-way, amounting to $1,738,175 with a total of 287 assemblies.

We completed this work and priced our first group of retirement work orders on our average installed costs in May of 1953. The actual working time for developing this information covered approximately 50 weeks and cost the cooperative $2,600.

We used our average assembly unit installed cost for all of our retirement work orders for the month of May 1953 and for the rest of the

Mr. Smith

year. We were able to complete our retirement work orders for each month in 2 to 3 days as compared with 1 to 2 weeks under the old method of obtaining the data from the individual construction work order. The new type of work procedure will cut down labor costs in compiling information for new construction as well as retirements. We are glad that we had all of the information compiled so that we could convert to the new standard list of retirement units with a minimum of effort.

In April of this year, REA representatives assisted me in the conversion of our assembly construction items of property into the new record units. We now have 55 units as compared with the above-mentioned 287 assembly units.

However, if I were to start over, I could cut our time of compiling the necessary information to about 20 to 25 weeks, or less than half the time we devoted to establishing our summary of assembly units.

Method Outlined

This is the way I think I would do this work:

First, I would set up an assembly unit ledger and maintain a separate sheet for each type of assembly or item found in each plant account.

Second, I would check each entry in the order recorded in the General Ledger plant accounts and summarize each entry. Any entry other than work order construction by the cooperative, I would post directly to the assembly ledger. Such entries would be construction by contractor, purchases of oil circuit reclosers, transformers, meters, etc. Each item would be recorded as to total quantity and total cost.

Had Three Types of Work Orders

With the older cooperatives, you will find three types of work orders. The first did not use assembly units as we do now. On the front side of the sheet construction costs were listed and the reverse side showed a complete summary of materials used. Since these work orders would not be summarized by construction units, I would summarize them on large columnar pads by material items, quantity only, on the basis of 1 year at a time. The only material I would record would be the material items as found in retirement units. After I had a total for the year, I would use estimated cost cards for each item and multiply quantity times estimated cost to get an estimated construction cost for the year.

From these estimates I would make a percentage adjustment and establish the construction cost in agreement with the posting of the work orders to the General Ledger plant accounts. (This adjustment is made in the same way as in the Work Order Procedure now being issued by REA.) This summary I would post to the assembly ledger, but on different sheets from the construction assembly units as no conversion is necessary. At the end of each year I would prove my assembly ledger against the plant ac-

counts in the General Ledger to see that they were in agreement.

The second type of work order came into existence some time before 1941. For these, I would use a large columnar pad and summarize assembly units by quantity only on the work order construction for each year. After completing this summary for the year, I would take one of the larger month's group of work orders and from this I would price the assemblies summarized for the year. After they were priced, I would multiply quantity by the unit price and get the estimated total cost for the year. Then I would take actual construction cost for the group of work orders for the year as posted in the General Ledger, make a percentage adjustment, and establish the adjusted total construction cost for each type of assembly. (This is done in the same manner as recommended in the present type of work order procedure.) These assemblies I would then post to the assembly ledger and prove them as stated previously.

The third type of work order was recommended in 1945 and is still being used. These work orders have the assemblies summarized for each group; therefore, I would post these directly to the assembly ledger.

I believe the suggestions I have made coincide closely with those in the new CPR Manual as published by REA. If I could have had these suggestions before accumulating our costs on Continuing Property Records, I would have used this method.

After you have made a complete summary of all the plant accounts and the assembly ledger is in balance with the General Ledger, you are ready to convert the assemblies into retirement units. I would advise each cooperative to first talk to the REA Field Engineer and get his views on percentages to use in breaking down each assembly unit into the new retirement unit. After this is done, list all of your assembly units on a 14-column pad and make your spread of assemblies to the new retirement units on the percentage basis as agreed upon by the cooperative and the REA field engineer.

Here are some of the benefits, as I see them, in using the Standard List of Retirement Units:

(1) More definite association of each retirement unit with a particular item of material, such as a crossarm.

(2) Accurate, precise and systematic method in pricing retirement work orders.

(3) Reduction in number of units. In our case, 287 assembly units reduced to 55 retirement units.

(4) Facilitates cooperative accounting for plant changes by providing a precise basis of identification for determining whether an item, upon replacement, should be charged to maintenance or be capitalized.

(5) A cost record relating to the number of plant items making up plant and the average cost of these items. This will help management in providing information for long-range planning concerning replacement of property or maintenance programs.

(6) To substantiate plant records in regard to property taxes, either local or State.

(7) Ease and small cost to the cooperative in maintaining Continuing Property Records after once set up.

(8) A good basis for noting construction cost fluctuations through yearly average cost.

We also used the new proposed work order procedure for the first three months of this year.

I, personally, feel that the proposed system will be adequate and will give all of the cooperatives an incentive to set up Continuing Property Records, as they can see how simple it will be to record plant changes and keep the records up to date under the new system. We are pleased with and heartily endorse these new recommendations.

Our cost in establishing Continuing Property Records: 50 weeks at an approximate cost of $2,600.

Estimated cost in establishing Continuing Property Records under the new procedure: 20 weeks at a cost of $1,040.

Conversion from Assembly Units to Retirement Units: 1 week (2 people) at a cost of $150.

Decrease in time for new type of Construction Work Order, Retirement Work Order, and maintaining Continuing Property Records: 2 weeks' labor per month, or total saving per year of $2,700.

Things Have Changed

Rural electrification is growing up. Some of you old timers remember how it was back in 1937—when cover girl Wendy Lindgreen, aged 7 months, posed for a picture for RURAL ELECTRIFICATION NEWS, former REA publication. Well, here's how Wendy looks now! Things have changed. Wendy, incidentally, was born in Texas, posed in her bath in Wisconsin, and now lives in Virginia.

Humboldt County Rural Electric Cooperative, Humboldt, Iowa, is also climbing into the higher brackets of power use. Their average kwh. consumption for those 3 months is the highest in history.

The figures show January's average to be 551 kwh, February, 533 kwh, and March, 515 kwh. Henry J. Lennig, manager, points out to members that electricity is the cheapest worker a farmer can hire.

Buena Vista County Rural Electric Cooperative, headquarters at Storm Lake, Iowa, reports that average power consumption for the first 3 months of this year was: January, 514 kwh, February, 507 kwh, and March, 501 kwh. They report that this is 5 times the average used when the first lines of the system were built.

Rural power does it again. The newsletter of the **Gibson County Electric Membership Corp.,** Trenton, Tenn., reports that one of its members is operating a flourishing parakeet breeding business. The member has 75 young birds, and 42 breeders setting on some 200 eggs. When a parakeet has a cold, electric heating pads are shoved under the cages. The hatchery itself is kept at a constant temperature of 65 degrees with electric heaters.

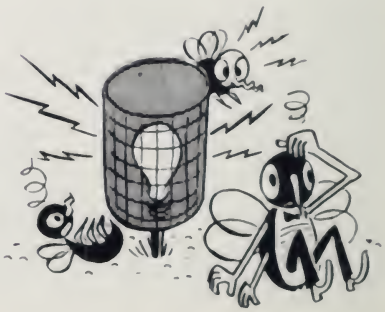
Occasionally a parakeet hen is reluctant to lay an egg. When this happens, she gets the electric pad treatment and responds promptly.

Forrest Coakley, manager, **Southern Maryland Electric Cooperative,** Hughesville, Md.: "In 1938 our co-op served 400 members. Now it serves 16,000 farms, homes, and business places. We operate 2,400 miles of line and 15 substations."

Central Electric Membership Corporation, with headquarters in the tobacco country around Sanford,

Power
E.

N. C., devotes an entire newsletter to information on how farmers can build a light trap to kill insects.



A cost analysis is included which shows that the light trap uses 2 kwh of power each day.

Rosebud Electric Cooperative, Gregory, S. Dak., reports a 75 percent return from a member appliance survey. The summary shows 343 planning to buy refrigerators; 550 wanting home freezers; 1,147 planning to buy heat lamps; 1 member out of 6 has a welder and 528 plan to buy one; 319 plan to buy electric stock tank heaters; 140 plan to buy milking machines; 275 want battery chargers; 117 plan to buy home milk pasteurizers, and 317 members expect to install air compressors.

Use change

Oklahoma Rural News for April featured a story about an electric feed cooker used on the Lazy T Ranch. Enriched whole corn and barley are cooked to order in a 260-pound capacity vat operated by an electric heating element thermo-

statically controlled. Ranch Foreman Ray Forbes claims cows put on more weight and have better digestion if they get cooked food. The ranch is served by Indian Electric Cooperative, Cleveland, Okla.

Indiana Rural News (April) details the experience of Nolan Mitchell, power use adviser of the Huntington County Rural Electric Membership Corp., with radiant

electric panel heating over the period of a year. His 6-room farmhouse was well insulated and contained 960 square feet of floor space. With rooms heated to 70 degrees, 75 degrees in the nursery, the heating plant used 8,578 kwh in a year. At 2 cents a kwh, this worked out to a cost of $171.56.

Fain McDougal, manager, **DeWitt County Electric Cooperative,** Cuero, Tex.: "Speaking of electrical living, we noticed that in 1953 we increased transformer capacity for 450 members, almost one-sixth of the total membership."

Duck River Electric Membership Corporation, Shelbyville, Tenn., F. J. Wallheiser, manager, reports to members that the Tennessee State Department of Insurance and Banking has announced lower insurance rates on farm dwellings heated with electricity. The credit amounts to 8 cents per $100 of insurance a year.

THE LINEMAN

Hard Hats Offer Extra Protection

(Reprinted from "The Wyoming Short Circuit.")

Quite a few rural electric systems are considering the use of hard hats, and many have purchased them for all outside employees.

From one state, where most of the systems have adopted hats of this type, come the following reports:

1. A falling gin was being used to steady a pole. It got away and struck an employee on the head, knocking him to his knees. His hard hat was split but he required *no* medical attention.

2. Several men picked up a pole to throw it over a fence. As it landed, the top bounded and struck one of them on the head. A bruise was the extent of the injury, a hard hat protecting him from more serious harm.

3. As a lineman was climbing a pole, a fuse holder in a disconnect became dislodged and fell 20 feet, striking him on the head. It bounced off his hard hat and caused no injury or damage.

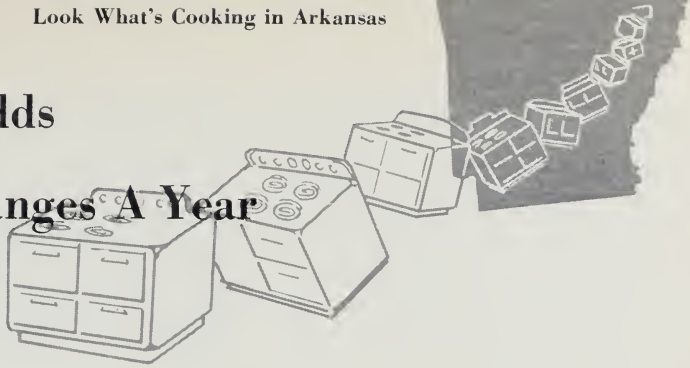
4. A lineman was installing a three-bolt clamp on a guy. It slipped out of his hands and bounced off the hard hat of the lineman below him. No damage.

Some crews have commented that they do not have space in their trucks to carry these hats, even if they had them. Doesn't every man have a pretty good "hat rack" right with him all the time, just above his shoulders?

Florida To Be Host to National REA Job Training and Safety Conference

The Florida REA Co-op Association, cooperating with the State Department of Education, Trade and Industrial Division will be host to the National REA Job Training and Safety Conference, October 4–8, 1954, at Daytona Beach, Fla. Headquarters for the conference will be the Daytona Plaza Hotel.

Co-op Adds 1,000 Ranges A Year



Could your system add a thousand electric ranges in 1 year?

That's what Craighead Electric Cooperative Corporation of Jonesboro, Ark., has done 2 years in a row and expects to do again in 1954.

For the first 5 months of 1954 it has maintained the record of previous years. It has done this despite disappointing prospects for cotton, the area's leading cash crop. Because of an unseasonably cold spring, about 90 percent of the cotton acreage has had to be replanted.

Given an average year for cotton, both as regards price and yield, Manager Earl Walden feels confident that Craighead ECC will again achieve its goal of 1,000 range installations during 1954.

What is the secret of Craighead's successful load-building campaign?

Good Service Is One Key

Twenty-four-hour-a-day electric service that can be depended on year-in and year-out is the most important single condition to a successful range installation program, according to Manager Walden. If an electric system can't give its consumers that, it can't expect them to depend on an electric range for cooking. Craighead Electric attributes an important share in the success of its range installation campaign to the devotion and efficiency of its maintenance crew.

Another big factor is its continuing system improvement plan. The co-op acts quickly to heavy up lines when the growing load warrants and so avoids low-voltage headaches.

Still, many systems with a good service record have not achieved a comparable record for range installations. Such co-ops will be interested to know other steps Craighead Electric took to carry on its effective range installation program.

Dealers Help Plan Drive

As a starter, the co-op—back in 1950—invited all the appliance dealers in the area to a dinner, and 109 dealers and salesmen from small towns in the system's trading area turned out. Co-op officials pointed out sales possibilities in the rural market and invited the dealers to participate in a drive to sell more electric ranges to members. After some discussion, they agreed on a campaign plan.

The co-op agreed to provide free installation within 3 days after purchase of a new range.

Dealers agreed to push sales of electric ranges by offering free cooking pans with the purchase of an electric range and to report all sales promptly in writing to the co-op, which supplies cards for this purpose.

Craighead Electric promised to have its home electrification adviser visit the homes of new range purchasers reported by cooperating dealers. On her visits, the home

electrification adviser was to explain care and use of the new range, answer questions, and offer to hold a range demonstration party for friends and neighbors of the buyer. The co-op was to supply the food for the demonstration.

Annual Surveys Made

Craighead Electric also promised to conduct an appliance survey every year in connection with the annual meeting. Dealers were to be supplied with buying intentions of members living within their sales territory. The co-op further undertook to step-up its education program on advantages of electric cookery, to publicize the campaign, and to publish the names of members purchasing ranges.

Work was started immediately. But it was not until 1951 that the full effect of the drive began to be felt. That year installations jumped to 952 as compared to 620 in 1950, 530 in 1949, and 400 in 1948. In 1952 there were 1,018 range installations and in 1953 a total of 1,038. Of these, 887 were first ranges. This year the co-op is aiming at a thousand "firsts."

Installations have now increased to the point where it is no longer practical for the home electrification adviser to visit or hold a range demonstration in every home where a range is installed. Instead, the adviser gives priority to sections where few ranges have been installed and where rural families are less likely to know the advantages of electric cookery.

Craighead Electric makes a special point of following through on any report of dissatisfaction or misunderstanding. Often a simple explanation on how to use a range efficiently can mean the difference between a disconnect and an enthusiastic user, according to Jean Frances Trice, home electrification adviser.

A testmeter is a particularly effective answer to the family that imagines its range is eating up too much electricity. Farm electrification adviser Robert Cherry feels that doubting consumers usually are convinced after the testmeter measures the actual current used. More often than not, the villain of the piece turns out to be *inadequate wiring*. That is easily remedied.

Buyer's Story Is News

Occasionally a new range installation has special publicity value. The co-op tries to turn the spotlight on any such.

The hurried purchase of an electric range by Mr. and Mrs. E. B.

Crafton is a case in point. On Christmas Eve, the Crafton's old kerosene stove caught fire. The

house might have burned down if Mr. Crafton had not fearlessly picked up the explosive contraption and thrown it outdoors. Right away they wrote their dealer in the nearby town of Walnut Ridge to bring them an electric range. Any kind of range would do, they said, if only he would install it immediately. They didn't want to tempt fate by using their old kerosene stove even one more day.

Investment Pays Off

Craighead Electric has invested considerable effort and money in its range installation program. However, results have more than repaid the investment, as Manager Walden sees it. He estimates that each range installation costs the co-op around $178 in plant investment to take care of the increased power load. That is in addition to some $20 for the actual physical installation of the range, with the co-op providing the cable and socket and the dealer supplying the pigtail attachment. This adds up to a total of about $200 for each new range installation.

On the basis of present indications, Walden expects average monthly consumption by farms connected to the system's lines to reach 192 kwh this year. That is considerably above the estimated 175 average kwh consumption for this year which the co-op forecast some time ago when it filed its latest loan application. Most of this better - than - expected increase in average kwh consumption is attributed by the co-op to its range installation program.

Gross Revenues Double

To check on the increased revenue resulting from new range installations, Manager Walden ran off a random sampling of power bills paid by consumers the year preceding and the year following installation of a new range. This sample showed that 100 families with new electric ranges paid roughly $10,000 during the first year after their new ranges were installed as compared to about $4,890 the preceding year.

This represents an increase in gross revenues of more than 100 percent for the group or an average of more than $4 per consumer per month.

Not all this revenue increase is clear gain, of course. But after allowing for increased wholesale power costs, Manager Walden feels it won't take many years for the higher monthly revenues to pay off the extra plant investment involved. After that the co-op will really begin to enjoy the full benefits of its load-building drive.

Not that the range installation campaign is by any means finished. Mr. Walden estimates that despite the big step-up in installations, only about one-third of its 17,000 members have electric ranges.

He feels that the co-op shouldn't relax until it reaches at least 60

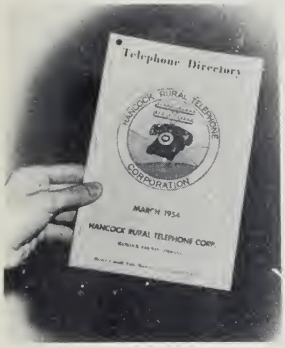
percent saturation of ranges. Naturally the co-op would like to see every family on its line buy an electric range; but it doesn't want to oversell and can't afford to disregard the economies of increased plant investment.

The co-op is scrupulous about treating all dealers alike. It's the dealer who follows up on potential sales tips who profits from the survey information.

"I find that the range-installation program helps me a lot with sales," said Harold Boyd, Frigidaire dealer of Paragould. "The publicity gets people to thinking about ranges and that puts them in a receptive mood. Also free installation is quite a talking point, though actually it isn't a big cost item in the purchase of a $400 range."

All in all, year-round planning and effort are required to keep the range installation program moving ahead. In May, for example, the home electrification adviser and the farm adviser had already started making the rounds of all electric appliance dealers. The purpose of the calls was to tell dealers that the annual meeting would be on July 23—and to invite them to participate in exhibits. Naturally that included talk about ranges and how to better last vear's record.

Mrs. E. N. Sullivan is happy to show new electric range Mr. Sullivan bought as a surprise.



Hancock, Indiana

Dial "E" for Excellent

What does improved modern dial telephone service mean to a rural community? Well, come out to Hancock County, Ind., and listen to what the people have to say about the operation of their rural telephone cooperative, the Hancock Rural Telephone Corporation.

This system has been in operation since April of 1953 and subscribers have had an excellent opportunity to compare it with the five obsolete mutual exchanges which the new system replaced.

The Hancock cooperative now has around 1,000 subscribers and 117 miles of line. There are 4 unattended dial central offices with 5 to 8 subscribers on each party line. Through selected ringing no more than 2 telephones ring at any one time.

Much of the old equipment Hancock inherited had been in service 40 to 50 years and was replaced almost 100 percent.

Old habits are hard to break. People were so accustomed to jumping in their cars and doing business rather than spend hours trying to get a call through they still occasionally forget that the telephone will do the job for them.

A number of subscribers who are slightly hard of hearing remarked that the new telephone system made it twice as easy for them to hold a telephone conversation.

The following interviews indicate what farmers and others in the rural community think about the modern service offered by their rural telephone cooperative.

At Maxwell, population 295, both Mr. and Mrs. J. N. Sutton are enthusiastic about modern telephone service. Mr. Sutton operates a grocery store and barbershop. Good telephone service has not affected these businesses a great deal but has helped his third line which is the removal of dead animals from

farms. Large Indianapolis firms give him keen competition but now

that calls go through in a hurry farmers in the area are inclined to give him a better break.

Although the service area of the Hancock Telephone cooperative differs greatly from the service area of the Hancock County Rural Electric Membership Corporation, it was the rural electric cooperative which carried much of the burden in the organizational stage. The rural electric newsletter was used to keep farmers advised of progress and the rural electric personnel helped to set up an organization until qualified telephone workers could be hired. The two now operate independently.

Officials of the telephone cooperative feel that the system has made exceptional progress. Long distance toll call business has constantly been on the increase with some commercial subscribers using toll facilities to the extent of $250 a month.

Even in small communities, a number of overseas calls originate during the holiday seasons as parents want to chat with sons in England, Germany, and Korea.

Crew Develops Goodwill

The management has gone to considerable lengths to develop good public relations. This is evident in talks with subscribers. When phones are being installed or repaired, linemen conscientiously try to keep mud and dirt off the floor. All sawdust or litter is carefully swept away. Many times when farmers are away, they phone in to tell the lineman where to find the key. It is not at all unusual for subscribers to give linemen a blank signed check with instructions to fill in the correct amount of the bill, although the manager does not encourage this.

One night, not long ago, the long-distance operator called Mrs. Sutton trying to locate a "J. G." Sutton who had once lived in San Francisco and was now supposed to be in Indiana. In talking with the operator she was amazed that she could hear people in San Francisco talking as clearly as if they were on the local line.

Mrs. Sutton thinks people on her party line are twice as courteous as they were when service was poor. She says there's no difficulty in getting the line for emergency calls.

Just outside Maxwell, Mr. and Mrs. Albert Dayton who live on a farm have had the importance of modern telephone service illustrated in a most dramatic way. When their house caught on fire, Mrs. Dayton called the fire department with flames of the burning room lighting the dial. It was too late to save the home but the line crew of the telephone co-op also responded to the alarm. While the house still blazed, the line crew ran

a telephone line to the barn. The Dayton's were without telephone service for only 30 minutes.

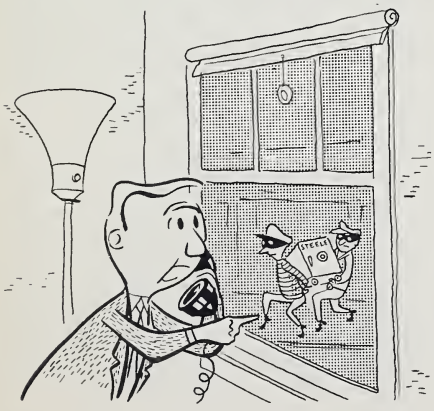
While their new home is being constructed the Daytons are living in a farm outbuilding and they say that they and the contractor have saved hours and hours of time by

having telephone service in the barn.

Markets Crops by Phone

Up the road from Maxwell a few miles at Willow Branch, another village of around 200 population, is the Fitzer Feed & Grain Co., operated by Richard Fitzer. Modern telephone service means most to him for long-distance calls to Indianapolis grain brokers during the season when farmers are selling their wheat, corn, and soybeans. He is on the long-distance phone many times a day during these periods.

At the Steele General Store in Willow Branch, Mrs. Helen Steele has two interests in good telephone service. First, a lot of her customers phone to find out what groceries are available and whether there are any specials on prices. She has no delivery service but says her customers feel better if they know in advance about the shopping situation. Second, she is interested from the standpoint of law enforcement. Her store has been robbed several times in the past couple of years. In the most recent burglary, the thieves were spotted by neighbors and the alarm given. The store safe, unopened, was dropped in the highway a few miles away when the robbers became afraid that the county officers were on their trail.



Now meet Mr. and Mrs. Aledis U. Smith who operate the Willow Branch slaughterhouse and butcher shop. Mr. Smith, a slight lean man whose eyes sparkle with good humor, is blunt and to the point about modern telephone service. He says, "Take out my new phone and I go out of business. I do custom slaughtering for around 2,000 farmers in a year and charge them 2 cents a pound for the job. My wife and I do all the work ourselves. We render the lard, make the sausage and deliver the meat in usable cuts. We have just got to have prompt and efficient telephone service so farmers can schedule their deliveries in the butchering season."

Mrs. Hazel Garrett, cashier of the Willow Grove State Bank, also appreciates the new telephone service. She says they make a lot of long-distance calls in placing mortgages and getting bond quotations. They also need the telephone to consult their attorney in another town and many farmers call in advance to make appointments. "Of course," says Mrs. Garrett, "farmers do not do much talking about bank business on a party line."

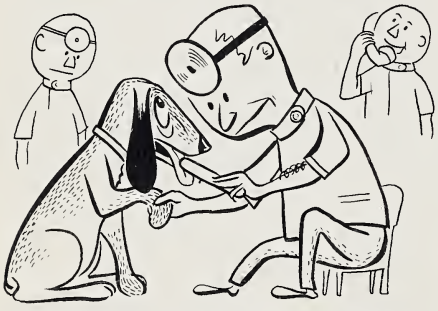
Phone Cuts Travel Time

Over at Mohawk, population 250, W. E. Maze, freight agent for the New York Central Railway, pointed out that it was a real help to have so little trouble calling farm and town people to tell them of arriving shipments. He also saves a great deal of travel time by being able to use the phone to schedule freight cars to a canning factory in another town about 6 miles away.

Mr. E. M. Griffith whose farm home is just at the edge of Mohawk

thinks that modern telephone service is a necessity for a farmer. He stresses that a farmer gets a great deal of value out of long-distance calls. He operates 2 farms, rents a third and supervises 400 acres of farm land owned by his invalid mother-in-law. Mr. Griffith is a director of the Mohawk Bank and a member of farm and community organizations. He says his improved telephone service has saved him thousands of miles of travel in the past year.

At growing McCordsville, population 301 but with 20 new homes under construction, veterinarian John W. Templeton, credits modern telephone service in Hancock County with helping develop his business to the point where he and a 4-man staff have all they can do to meet service demands. Mr. Templeton and his assistants have



2-way radio in their cars and Mrs. Templeton relays farm calls as they come in by telephone.

Sells Seed by Phone

Just out of McCordsville a few miles, Max Steele operates Indian Creek farm. His rich black earth yields two types of specialty crops, certified seed and popcorn. He sells around 4,000 bushels of certified hybrid seed corn each year at wholesale and retail. He guarantees 96 percent germination of his seed and expects to get 99 percent. To get an idea of the quality of his product, picture how many bags of corn it would take to fill a porch swing. That much seed corn would sell for $1,000.

To keep his business operating, Mr. Steele needs constant contact with buyers. He has it. A private line, with a telephone and extension and another extension in his seed house. His long-distance tolls run as high as $125 a month but he points out that some of his neighbors who are livestock breeders have long-distance phone bills twice that amount. Mr. Steele sells his popcorn to Indianapolis theaters and does most of his business with them on the telephone. He is positive that improved telephone service saves him time and money. About his only need now is a gong attachment to the seedhouse extension so he can hear the ring above the sound of the seed-cleaning machinery.

On the Hancock co-op telephone lines local conversations are automatically cut off after 5 minutes. Warning dial tone sounds 60 seconds in advance. Subscribers, generally, think it is a great idea. Some have been shocked to find it does not operate on toll calls.

Your Up-to-Date Telephone System Needs

Up-to-Date Accounting Methods

If you were the owner of a small telephone company in the old days, you could carry guesstimate records around in your hip pocket or your head. But that isn't enough for a growing progressive system in this modern era.

This is the conclusion of officials of the Oldtown Telephone System, Inc., of Winston Salem, N. C., which is building a new plant with REA loans totaling $1,356,000. They base this conviction on the company's experiences before and after adopting the FCC uniform system of accounts for class B telephone companies as prescribed by the North Carolina Public Service Commission.

J. Lee Keiger, Sr., president, concurs heartily with this opinion—and he should know. He started the system about 18 years ago with one switcher line and a franchise from the North Carolina Utilities Commission. Since most of his time was taken up in operating a knitting mill, he let his telephone system grow like Topsy.

The system grew, nevertheless. And is still growing at an astonishing pace. Winston-Salem, bustling and bursting with its worldwide tobacco trade, its paper and textile mills and other industries, has spilled out in the direction of Old Town. An influx of executives, and professional and other workers from city industries created a demand for telephones which the Oldtown Telephone System simply couldn't meet with its old plant.

New Phones Needed

So they turned to REA for a loan to help them serve hundreds of rural residents in their operating territory who were clamoring for telephones. Small truck farmers who needed to be in quick touch with produce markets, store and factory owners with big business interests in Winston-Salem, and truckers and pilots whose jobs and livelihood depended on their being on call day and night really needed telephones they could depend on.

Soon after the Oldtown Telephone System, Inc., received its first advance of funds from REA, an REA field auditor arrived to help the company set up a system of records.

Did the system seem complicated at first? "You bet it did," confessed Lee Keiger, Jr., the company manager. "It seemed like everything was coming at me at once."

"All the time, I knew it was the only real way to do business. The system was growing beyond the point where a person could carry all the records around in his mind. I reckon we always had more records than some small companies at that. We used double entry bookkeeping, for example. But we operated more or less on a cash basis, with only the sketchiest records of materials. We carried most of our plant inventory around in our heads and mostly looked to our bank balance to see how we were doing financially."

"We tried to make a reasonable allowance for depreciation and such, of course, but we just didn't have the records to nail down our cost and income items to an accurate dollars and cents basis."

In endorsing a sound and careful system of record-keeping, the Oldtown manager was careful to say that he did not mean to point to their system as a model in this regard. He feels they still have lots to learn.

Records Help on Taxes

But he wants to emphasize that even the smallest telephone system cannot afford to be without an adequate system of records. Particularly in these days of mounting costs, requirements of the regulatory body, and the necessity for supporting data on income and social security taxes.

Although the Oldtown company is still in the process of setting up its new system of accounts, officials feel that they have already had enough experience with it to prove its value.

Oldtown officials adopted a polite but firm collection policy. But as they see it, this cannot be achieved without accurate and orderly records. An adequate collection policy helps reduce delinquent accounts to a minimum.

Double-check on Billing

The double-check on subscriber billing provided by the new accounting system also helps the company establish and maintain better customer relations. The Oldtown company finds that it is able to spot and correct billing errors more quickly under the new method.

Public Accountant Watson and Manager J. Lee Keiger, Jr., review Oldtown's books.

Setting up the materials accounts on a perpetual inventory basis has been a chore. It took a bit of persuading to convince the plant men

that they should write down on a daily work report the labor and material applicable to each job. They felt that the manager had installed telephones himself, and had experience with pole staking, cable splicing and central office maintenance work—and he knew as well as they what materials it took to do each job. But the procedure is gradually becoming automatic with them.

Mrs. Bessie Sprinkle, cashier, is hard at work on billing.

As a result the company has a better picture of what is happening to supplies. Oldtown officials feel that materials records are helping them keep a better check on supplies on hand and per-item costs.

Another value company officials see in accurate materials records is that they are a deterrent to waste, or theft of company assets. They recognize that this is less of a problem with a small company like theirs which is run mostly by the owners with the help of a few employees whom they know and trust.

In changing over to the new accounting system, the Oldtown Telephone system has not found it necessary to buy a great deal of expensive equipment.

As sections of new outside plant are begun, a public relations man in charge of telephone installations visits prospective subscribers to see if they still want phones and the same class of service as originally ordered. He also makes out work orders and completes arrangements for having the phones installed. He keeps a check on materials issued to himself and the two service men who help him with the station installation job, and makes a record of all items used in installing each dial set.

Like the manager, the public relations man in charge of telephone installations feels that systematic records are a big aid to efficiency. When the old scratch paper system of keeping records was in force, work orders often got lost. As a result, sometimes an applicant wouldn't get the phone he was promised and the company would lose a subscriber—all because a piece of paper was lost or somebody neglected to tell somebody.

To help in preparing the company's monthly operating statement, the Oldtown Telephone Co. employs a public accountant to come in for a few days each month. In this way the accountant has access to records so questions that come up can be discussed at that time. Previously the company sent its books four times a year to an accountant for auditing.

Accountant Likes System

Jack Watson, the accountant employed by Oldtown to help check its monthly accounts was asked by Manager Keiger if, from his experience as an accountant, he could think of still other reasons why an independent telephone company should want to install a good system of keeping records and accounts.

Mr. Watson said he thought that REA's recommendations to borrowers were sound and practical. He stressed the fact that no system is too small to profit from a good system of accounts.

"When you get your system built and expenses and income begin flowing on a more even keel than is possible during a period of heavy construction, you are going to see even more benefit in a good accounting system," the accountant prophesied.

"With revenue and expense facts before you, you can set realistic management goals for the company. You will be able to see what items are costing more than you think they should and make adjustments which will enable you to turn a larger share of your gross revenue into profits."

Lee Keiger, Sr., summed up the experience of the Oldtown Telephone System with its new system of records and accounts.

"Owners of small independent telephone companies like mine have more reasons than one to be grateful to REA. Our rapidly growing area wants and needs the best of service. But we wouldn't have been able to supply that service with our outgrown plant, if we hadn't been able to get a long-term, low-cost loan from REA.

"But in addition to that, REA has performed a real service for this company by helping us to install a modern system of records and accounts. I feel sure our new system will help us to operate more efficiently in the future."

Keigers, Sr. and Jr., look over progress of their new central office building at Sanford.

LOANS APPROVED MAY 20 THROUGH JUNE 30, 1954

Electrification

$175,000	Craig-Moultrie Electric Co-op., Mattoon, Ill.
135,000	Guthrie County Rural Electric Co-op., Guthrie Center, Iowa.
385,000	Ocmulgee Electric Membership Corp., Eastman, Ga.
610,000	Three Notch Electric Membership Corp., Donalsonville, Ga.
250,000	Orcas Power and Light Co., Eastsound, Wash.
50,000	Columbus Electric Cooperative, Columbus, N. Mex.
39,000	Howard-Greeley Rural Public Power District, St. Paul, Nebr.
300,000	Valley Rural Electric Cooperative, Huntingdon, Pa.
73,000	Washakie Rural Electric Co., Worland, Wyo.
$250,000	Clinton County Electric Co-operative, Breese, Ill.
315,000	Cuming County Rural Public Power District, West Point, Nebr.
540,000	Wake Electric Membership Corp., Wake Forest, N. C.
275,000	Burt County Rural Public Power District, Tekamah, Nebr.
255,000	Jump River Electric Cooperative, Ladysmith, Wis.
160,000	Sullivan County Rural Electric Membership Corp., Sullivan, Ind.
33,000	Washington Electric Cooperative, Marietta, Ohio.
190,000	Tri-County Rural Electric Cooperative, Napoleon, Ohio.
80,000	Palmetto Electric Cooperative, Ridgeland, S. C.

Electrification—Continued

$810,000	Four-County Electric Power Association, Columbus, Miss.
1,997,000	Norris Rural Public Power District, Beatrice, Nebr.
390,000	KBR Rural Public Power District, Ainsworth, Nebr.
37,000	Trico Electric Cooperative, Tucson, Ariz.
410,000	South Kentucky Rural Electric Cooperative Corp., Somerset, Ky.
1,860,000	Eastern Nebraska Public Power District, Syracuse, Nebr.
145,000	Cedar-Knox County Rural Public Power District, Hartington, Nebr.
274,000	West River Electric Association, Wall, S. Dak.
191,000	Sequatchie Valley Electric Cooperative, South Pittsburg, Tenn.
390,000	Moreau-Grand Electric Cooperative, Timber Lake, S. Dak.
555,000	Rayle Electric Membership Corp., Washington, Ga.
995,000	Midstate Electric Cooperative, La-Pine, Oreg.
75,000	Tri-County Electric Cooperative, Portland, Mich.
65,000	Ontonagon County Rural Electric Association, Ontonagon, Mich.
370,000	Central Electric Membership Corp., Sanford, N. C.
1,785,000	Middle Tennessee Electric Membership Corp., Murfreesboro, Tenn.
615,000	North Itasca Electric Cooperative, Bigfork, Minn.
483,000	Beltrami Electric Cooperative, Bemidji, Minn.
137,000	North Pine Electric Cooperative, Finlayson, Minn.
852,000	Dairyland Electric Cooperative, Grand Rapids, Minn.
925,000	Carlton County Cooperative Power Association, Kettle River, Minn.
644,000	Mille Lacs Region Cooperative Power & Light Association, Aitkin, Minn.
217,000	Western Michigan Electric Cooperative, Scottville, Mich.
290,000	Niobrara Valley Electric Membership Corp., O'Neill, Nebr.
50,000	French Broad Electric Membership Corp., Marshall, N. C.
420,000	Albemarle Electric Membership Corp., Hertford, N. C.
185,000	Grand Valley Rural Power Lines, Grand Junction, Colo.
360,000	Illinois Rural Electric Co., Winchester, Ill.
390,000	Tri-County Electric Cooperative, Mount Vernon, Ill.
$50,000	First Electric Cooperative Corp., Jacksonville, Ark.
193,000	Elkhorn Rural Public Power District, Battle Creek, Nebr.
10,000	Head-of-the-Lakes Cooperative Electric Association, Superior, Wis.
1,435,000	Southwest Tennessee Electric Membership Corp., Brownsville, Tenn.
73,000	Chesapeake Islands Electric Cooperative, Tangier, Va.

Telephone

$342,000	Pioneer Telephone Cooperative, Kingfisher, Okla.
761,000	The Project Mutual Telephone Co., Rupert, Idaho.
289,000	West Jersey Telephone Co., Belvidere, N. J.
116,000	Brazos Telephone Cooperative, Olney, Tex.
145,000	Port Byron Telephone Co., Port Byron, Ill.
725,000	Three Rivers Rural Telephone Cooperative, Fairfield, Mont.
2,910,000	Grand River Mutual Telephone Corp., Princeton, Mo.
199,000	The Burdett Telephone Co., Burdett, Kans.
221,000	Chatham Telephone Co., Chatham, Mich.
915,000	Southern Telephone Co., Charlottesville, Va.
954,000	Triangle Telephone Association, Havre, Mont.
515,000	The Goldenbelt Telephone Association, LaCrosse, Kans.
193,000	The Lewis Telephone Exchange, Lewis, Kans.
310,000	Washington County Rural Telephone Co-op., New Pekin, Ind.
2,935,000	Alabama Telephone Co., Fayette, Ala.
700,000	Southeastern Indiana Rural Telephone Co-op, Osgood, Ind.
347,000	Meadow River Telephone Co., Rupert, W. Va.
182,000	Central Oklahoma Telephone Co., Davenport, Okla.
1,485,000	Ben Lomand Rural Telephone Co-op, McMinnville, Tenn.
540,000	Coleman County Telephone Co-op, Coleman, Tex.
643,000	The Amery Telephone Co., Amery, Wis.
351,000	Parker Valley Telephone Co., Parker, Ariz.
85,000	Oregon Telephone Corp., Mount Vernon, Oreg.
1,717,000	Sully Buttes Telephone Cooperative, Highmore, S. Dak.
114,000	Callensburg Telephone Co., Callensburg, Pa.

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Boost Home Freezers

and Boost Your Load

With harvests from late gardens coming on, this is a good time to think about food preservation for winter meals. For electric power suppliers, that naturally means thinking about home freezers.

REA borrowers looking for more load on their lines may want to cite national advertising in the appliance field which will be promoting home freezers during the month.

Freezing food at home is both a simple and easy way of saving garden surplus, and makes winter meal preparation less of a chore. Housewives will want your advice on the economy of a home freezer, how to care for their freezers, how to prepare the foods, and other facts on home freezing.